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STATE OF
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Environmental Quality Council

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Box 215, Capitol Station, Helena, MT 59601

Senator Elmer Flynn, Chairman

Fletcher E. Newby, Executive Director

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ENERGY POLICY STUDY

The presence of vast, near-surface reserves of coal in Montana has been long recognized. In 1802, Meriwether Lewis said of this coal, "Burnt tolerably well (and) afforded but little flame or smoke, but produced a hot and lasting fire." The coal found in exposed outcrops in the tributary drainages to the Tongue, Powder and Yellowstone Rivers was further described by the survey crews dispatched by the Northern Pacific Railroad. The journal of one of these forays led by General George Armstrong Custer states, "I have seen...at a great many points both in the "Bad Lands" of the Little Missouri and in those of the Yellowstone, the exposed veins of coal, which future development could and will render of incalculable value to the adjacent country. I have tested specimens of this coal, taken from the surface, and found it to answer admirably the purpose of fuel...."

In the intervening 150 years since these early explorations, coal mine production increased gradually in Montana and the other Northern Great Plains states and then fell. This production was closely associated with the operation of the railroads, particularly the Northern Pacific.

As the railroad converted its locomotives from coal to oil, the market for western coal diminished. Large scale mining all but ceased in Montana in 1957 when the NP closed its surface mine at Colstrip, Montana.

The late 60's saw a nationwide shift in the supply and economics of coal. Many states in the midwest and east affected by decreasing air quality, particularly as the result of rising sulfur oxide levels, imposed sulfur in fuel standards. These standards placed a ceiling on the amount of sulfur allowed in fuel burned in that state. Conventional sources of coal in the midwest and east were declared ineligible for use because of their high sulfur content. Attention accordingly shifted to the western United States, both north and south.

Coal in Montana, Wyoming and the Dakotas comprises about 40 percent of U.S. reserves. The coal, in addition to being low in sulfur (well within the sulfur limitation), also is low in sodium and ash. Shipping costs to midwestern markets have been reduced by the use of unit trains. Ever increasing demands for electricity and recent advances in coal hydrogenation have further hastened exploration, development and speculation.

Montana now has four major operating mines: the Western Energy Company Mine and the Peabody Coal Company Mine, both at Colstrip; the Decker Coal Company Mine held jointly by Peter Kiewit and Pacific Power and Light at Decker; and the Montana Dakota Utilities Mine at Savage, Montana. A fifth mine is slated to begin production in 1974 in the Sarpy Basin.

Mineral leasing and water right acquisition has increased rapidly. Construction of two 350 megawatt (mw) steam generating units of the Montana Power Company is progressing. A permit for units three and four, each with a capacity of 700mw, is being sought at the same site by a consortium of northwest utilities.

In response to this increased activity and the concern aroused by the release of the U.S. Bureau of Reclamation's North Central Power Study which delineated 21 suitable generation sites in the state, the legislature last March directed the

Environmental Quality Council (EQC) through Senate Joint Resolution 24 (SJR-24) to conduct a state level energy policy study for Montana. The resolution acknowledges the need for a state energy policy which is both responsive to and contributes to a federal energy policy. The EQC study will consider the full range of possible energy sources, their optimal efficiency, and conservation of use and administration and regulation of the energy industry. The purpose of the study as stated in SJR-24 is "to obtain a comprehensive energy policy, together with recommendations for necessary implementing legislation, to insure a reliable and adequate supply in a manner consonant with the preservation of environmental values and the prudent use of the state's air, land, water and energy resources."

The resolution also requested that the Governor direct the Coal Task Force, redesignated the Montana Energy Advisory Council, to work with and advise the EQC in the study. Lt. Gov. William Christiansen heads the council.

The EQC began work on the study in June. The study is funded by a grant from the Ford Foundation, which also is sponsoring an ongoing national energy policy study. The draft work plan for the EQC study outlines five major areas of study: energy inventory, assessment of energy requirements, current energy policy, energy conservation, and recommendations and proposed legislation. The energy inventory will determine the amount of natural resources available in the state, such as coal, petroleum crude, natural gas, water, timber, solar energy, geothermal energy, uranium and thorium and solid wastes, and the reserves for each. The inventory also will include the methods of extraction, conversion and transmission with an analysis of the alternatives, efficiency and the associated environmental impacts.

The assessment of energy requirements will include an account of current and projected energy demands in Montana, a breakdown of customers according to activity, and accounts of forms of energy being utilized by various consumers, supply facilities for these energy demands and the flow of energy resources in the state. Foreign

and domestic demands of adjacent consumer regions also will be examined.

The third part of the study includes determining the current energy policy of the state and the nation and assessing regulatory activities, taxation policies and agency programs -- including siting, land leasing, water development and reclamation. The relationship of the state policy to the national policy also will be examined.

The study's fourth major area calls for the assessment of levels of energy conservation that may be obtained as the result of changes in technology, legislation and life style.

Development of recommendations and proposed legislation will complete the study. This will entail determination of development options identification of critical energy-related decisions to be made in Montana and determination of the mechanisms of this decision making. Alternative policies and legislation for the implementation of various development options will be suggested.

Comment on study format and direction is encouraged. Please address comments to: Fletcher E. Newby, Executive Director, Environmental Quality Council, Capitol Station, Helena, Montana 59601.

ENVIRONMENTAL QUALITY COUNCIL MEETING SEPTEMBER 14, 1973

EQC meeting will be held in the Governor's Reception Room, State Capitol Building, at 10:00 AM. An important item on the agenda will be final consideration of guidelines for preparation of environmental impact statements.

NEW ENVIRONMENTAL IMPACT STATEMENTS

STATE

<u>Date Received</u>	<u>Subject</u>	<u>Lead Agency</u>	
8-15-73	Anaconda Co. hydrometallurgical operation. Proposed plant to be built near Anaconda. Will use Arbiter reduction process.	HES	D

STATE

<u>Date Received</u>	<u>Subject</u>	<u>Lead Agency</u>	
8-16-73	Proposed minimum standards and rules for implementation of the Montana Floodway Management and Regulation Act (Chapter 35, Sec. 89 RCM 1947).	DNR&C	F
8-21-73	Silver Rock Pines proposed sub-division. Located about 7 mi. e. of Elmo in Lake Co. 80 acres.	HES	D
8-21-73	First Addition to Evergreen Estates. Subdivision. Located in L&C Co. about 10 mi. n. of Helena. 71.13 acres.	HES	D
8-21-73	Big Timber-Northeast. Located in Sweet Grass Co. Project begins approx. 11.5 mi. n. of junction of US#10 and #191 in Big Timber and extends easterly for 9.2+ mi.	Hwy Dept.	N
8-23-73	Thompson Falls-West. Project begins about 2 mi. w. of Thompson Falls thence w. to Mont-Idaho line.	Hwy Dept.	D
8-31-73	Kirkwood Lane Fishing Access. Site acquisition & development. Located approx. 1+ mi. e. of Kalispell.	F&G	N

FEDERAL

8-21-73	Upper West Fork Planning Unit. Revised management plan for 157,075 acres of Nat'l forest land on West Fork Ranger District of Bitter-root National Forest.	USDA/PED	D
8-21-73	Pleasant Valley Multiple Use Plan, in the Kootenai Nat'l Forest. Implementation of revised multiple use plan. Located in Lincoln, Sanders, and Flathead counties.	USDA/PED	D

C - Commented upon	HES - Dept. of Health and Environmental Sciences
D - Draft statement	Hwy - Highway Department
EW - Emergency Waiver	DNR&C - Dept. of Natural Resources & Conservation
F - Final statement	F&G - Dept. of Fish and Game
N - Negative declaration	PED - Planning & Economic Development Div., IGR
	USDA - US Dept. of Agriculture

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